

Opening Statement
Senator Michael B. Enzi

**Accounting for the True Costs of Regulations:
Exploring the Possibility of a Regulatory Budget**
June 23, 2015

Thank you Chairman Johnson for hosting this joint hearing today. Welcome to Minister Clement, Ms. Dudley and Mr. Pierce. Mr. Clement, we appreciate you making the time in your busy schedule to visit with us and share your success in addressing the regulatory burden on the economy in Canada.

Last month, for the first time since 2001, Congress agreed to a joint ten-year federal budget that put our nation on a path to a balanced budget. According to the Congressional Budget Office, a balanced budget will boost the nation's economic growth and help provide more than one million new jobs over the next ten years.

The Budget Committee is now working to enforce the spending targets laid out in the budget to make sure we stay on that path. But we have no such accounting and enforcement system when it comes to the regulation side of the ledger.

The absence of such a system for regulations is an increasingly odd deficiency. Why not also address an area of government that would have the biggest positive impact on the lives of hardworking Americans by making our government less intrusive?

WHAT DOES AMERICA'S GROWING REGULATORY BURDEN COST?

The burden of government regulation continues to grow for each and every American. One study estimated that **the regulatory burden in the United States costs more than \$1800 billion (1.8 trillion) in 2014 and was bigger than the entire GDP of India.** This burden is dragging down our economy when we should be working to boost economic growth and help create

more jobs. These regulations are particularly hurting small businesses, which traditionally are America's economic engine.

Over the years, we have tried various reform mechanisms to control red tape. Dating back to the 1980s, the executive branch has tried to control the flow of government agency regulations through executive orders mandating regulatory impact assessments on major rules. Agencies are tasked with measuring the paperwork burden of legislation, and laws have been passed to assess the small business impact of legislation.

I strongly support these efforts, but if you asked the average small business owner in Wyoming if red tape has been reduced, he or she would probably shake their head NO. We have a lot of work to do, because the regulations, and the burdens they place on each and every American, keep growing.

WHAT CAN WE DO TO HELP EASE REGULATORY BURDENS?

Minister Clement, I'm especially looking forward to hearing more about your successful Red Tape Reduction plan in Canada. We have a regulatory accounting system in place here as part of the Office of Management and Budget, which is supposed to regularly report on the costs of major regulations. However, that report does not encompass the whole government and is not built into any type of regulatory measurement reduction system. It is almost like watching a fire slowly burn down a house without ever calling the fire department.

In particular, I'm interested in how the one-for-one rule requires regulators to monetize and offset any increases in administrative burden that result from regulatory changes with equal reductions from existing regulations.

I'm excited about today's hearing in part because we are going to hear a fresh perspective from those who have waged

successful campaigns against red tape. Under Mr. Clement's leadership, when it comes to lowering regulatory burdens, Canada has experienced annual estimated compliance savings of 290,000 hours, which is equal to more than 33 years. That is time that individuals can use to grow their businesses or improve their work.

This Congress has a number of measures pending that would address regulations. However, we need to explore better ways to actually measure their costs in order to find more effective controls and procedures for eliminating unneeded and redundant regulations.

CAN WE MAKE GOVERNMENT MORE EFFECTIVE?

We know that one of the best ways to balance our budget is to make our government more efficient and accountable. Scrutinizing the rules and regulations that are hurting hardworking Americans helps us do both. If we do this, we can start to see what isn't working and eliminate those regulations, while

streamlining what's left to help make our government more effective.

If government regulations are not delivering results, they should be improved, and if they are not needed, they should be eliminated. **It is time to prioritize and demand results to ensure that government works for the people, instead of the people working for the government.**

Congress has a responsibility to help make it easier for hardworking Americans to grow their businesses or advance in their jobs, instead of worrying about inefficient and ineffective regulations. True regulatory reform can help serve as the foundation for helping all Americans grow and prosper.

There are many different options, and that's why I look forward to this conversation, beginning with our work here today.

Thank you, Mr. Chairman.